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CENTRAL INTELLIGENCE AGENCY  
OFFICE OF NATIONAL ESTIMATES

11 December 1956

STAFF MEMORANDUM NO. 94-56

SUBJECT: O/NE Consultants' Conference

1. Attachment A is a summary of the salient points and major suggestions made by the consultants [redacted] on November 29-30, 1956. Attachment B is a record of the discussions.

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2. The following consultants and members of O/NE participated in the conference.

Participants:

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O/NE Members present:

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3. On Thursday morning SNIE 12-3-56, Probable Developments in Soviet-Satellite Relations, was discussed. Thursday afternoon was devoted to SNIE 11-10-56, Probable Soviet Actions in the Middle East, and other Middle Eastern problems. Friday was devoted to examination of the draft estimate on the World Situation.

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ATTACHMENT A: Summary of Major Recommendations and Ideas

1. Soviet-Satellite Problems. The consultants thought that the recent SNIE posed the Soviet dilemma properly and described past and present policy accurately. [redacted] criticized its failure to treat two topics: anti-German sentiments in some Satellites as a factor encouraging close relations with the USSR, and the necessary reappraisal of Bloc military capabilities for various types of campaigns. There was general agreement that the treatment of Yugoslavia was insufficiently detailed.

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2. On the estimate of probable future developments, [redacted] gained some support for his dissent from the estimate that the present Soviet policy of an alternation between concessions and repressions "could continue indefinitely." He thought rather that it would soon be replaced by a more consistent policy in one direction or the other and that this policy was likely to fall outside the alternatives regarded as most likely in the estimate. [redacted] were in closer agreement with the estimate on this point. All the consultants stressed differences in geography, history, national character, and national parties in discussing future Satellite prospects and expected considerable variations on these grounds.

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3. Discussing the intelligence program, the consultants agreed that, in addition to a fuller treatment of Yugoslavia in Bloc papers, a separate estimate on Yugoslavia was desirable. A paper on Communist parties was suggested, with emphasis upon international and national factions. [redacted] urged further work on analysis of the Hungarian revolt with respect to Soviet Army reliability and efficiency and the motivations for revolt. A need was also expressed for a better appreciation of Eastern European economic prospects under various political assumptions.

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4. The Middle East. The group had no major objections to the SNIE on possible Soviet actions in this area. Opinion was unanimous that the Anglo-French-Israeli attack was calamitous for the Western position. In discussing the consequences of US accession to the Baghdad Pact, [redacted] received partial support from [redacted] in his assessment that such a move would be, on balance, advantageous to the US. The other consultants appeared to feel that the possible advantages were outweighed by probable disadvantages.

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5. World Situation. The draft paper was discussed first in general and then paragraph by paragraph. The general discussion is summarized in ATTACHMENT B.

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ATTACHMENT B: Minutes of the Discussion

I. THURSDAY MORNING SESSION

25X1A [ ] began the Satellite discussion by suggesting that we had underrated the influence of Tito, exercised partly deliberately and partly through example. Pointing out Yugoslavia's continued efforts to stay in the socialist family, he posed Tito's central problem as choosing between holding things together in that family or having his own way.

25X1A [ ] thought Tito was concerned by the possible domestic reaction to Hungarian events, saying that the same causes of discontent existed in both countries.

25X1A [ ] pointing out the factor of Soviet oppression in Hungary. He went on to comment that SNIE 12-3-56 did not distinguish sufficiently between Hungary, where anti-Communism became overwhelming, and Poland, where the Communists were able to control a rapidly developing situation.

25X1A [ ] said that the Hungarian revolt casts doubt on Soviet control of Satellite armies. [ ] picked up this line of thought to identify as a major conclusion of the Hungarian experience the general failure of Communist youth indoctrination which it revealed. [ ] dissented from the general agreement to this point, saying that its failure in the USSR, where a longer period was available, has not yet been demonstrated. In the ensuing discussion

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25X1A [ ] argued strongly for thorough investigations [ ] to determine a) the behavior of Soviet troops in the Hungarian fighting and b) Hungarian motivations for active resistance. [ ] noted effective mass indoctrination requires the foreclosing of alternatives and that, when new alternatives arise, the situation changes radically. [ ] added that, under foreign occupation, it is extremely difficult to foreclose other alternatives in countries which have an oral tradition of history and strong nationalism, such as Poland, Hungary, and to a less extent Rumania.

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25X1A [ ] asked whether the group regarded the present Polish situation as stable or touch-and-go, drawing brief responses [ ] (also unstable) and [ ] (also unstable from the Soviet standpoint). [ ] returned the discussion to indoctrination, asking whether Communism was not losing its zip as a system and breaking down in careerism. This need not impair economic growth, he thought, but might impair national toughness and willingness to fight.

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25X1A [redacted] suggested that the USSR must pay increased attention to consumption, and [redacted] added that industrialization and education necessarily lead to critical thought. [redacted]

25X1 [redacted] everyone, and especially the youth, wanted more consumer goods. Some students, especially politically active ones, exhibited some of the traditional Russian disdain for "materialism." All appeared to want to make the system work better, and they sought free expression for this purpose, not in order to propagandize a different system.

25X1A [redacted] thought that the regime's various problems regarding the population should be regarded as a constant multiplication of little strains and adjustments thereto, rather than a buildup of pressures leading to radical or explosive changes.

25X1A [redacted] approved of the paper's statement of the Soviet dilemma and thought that its exclusion of extreme solutions was proper.

25X1A [redacted] took the opposite view. He saw little difference among the three alternatives on which the paper concentrated. He particularly doubted whether a middle course alternating between repression and relaxation "could continue indefinitely," as the paper suggested, and wondered whether Poland could continue to exist between Titoism and Stalinism. He felt that the use of Soviet armies, particularly to occupy Hungary, Rumania, and Bulgaria, was a distinct possibility.

25X1A [redacted] supplied Finland as an example of the opposite solution falling beyond the other end of the paper's alternatives. He felt that a string of Finlands in Eastern Europe would be just as effective as Satellites from a military viewpoint and would support Soviet cultivation of nationalism outside the Bloc. [redacted] agreed, stating that military occupation or a Finnish solution appeared to be more real alternatives than those adduced in the paper. He returned to this argument on several occasions, arguing that the paper's three moderate courses might not be objectively possible and that any intermediate policy always tends to one extreme or the other, a point supported by [redacted]

25X1A [redacted] He inclined to the repressive solution, including military occupation of the southern satellites, partly to counter Tito's influence, but thought that fear of Germany in Poland and Czechoslovakia might make actual occupation less necessary there. The opposite solution he envisaged as one with many national variations and the retention of some Soviet military bases but characterized by more freedom than in present-day Poland. He suggested that the domestic implications of such a Soviet policy might be quite dangerous.

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25X1A [ ] thought the paper's Course C, alternating relaxation and repression, a good prospect for the near term. He opened a new line of discussion by arguing that, from the Soviet viewpoint, a consistent policy of relaxing controls in Eastern Europe probably involved a deal with the US for mutual military withdrawal. Such an arrangement would permit the USSR to save face and to salvage a great deal from a bad situation.

25X1A [ ] thought that this bad situation would increase their desire to hang on to their military assets.

25X1A In response to [ ] question whether US negotiations on this point would not upset its NATO allies, [ ] thought they too would be tempted by the idea, seeing in it a favorable political shift in Eastern Europe and believing that rocket war has depreciated the importance of US Continental forces in protecting them from the USSR. A soft line in Soviet foreign policy, he thought, would further decrease NATO objections.

25X1A [ ] thought the paper should have discussed the threat of Germany as a factor in Polish and Czech foreign policy and that it should have revised Bloc military capabilities in the light of recent events. Particularly the conclusions of earlier estimates regarding the capabilities of Satellite forces in a campaign against Yugoslavia require revision.

25X1A [ ] stressed the great Soviet advantage represented by the Oder-Neisse line, which ties Poland to the USSR. He termed it a great mistake to have left this boundary as an open international question in which only the USSR is committed to Polish interests. Instead, he argued, we should have drawn a more easterly border, even a poorer one from the geographic standpoint, and settled it definitively immediately after the war.

25X1A [ ] disputed the paper's view that party factions were less sharply divided in other Satellites than in Hungary and Poland. He cited the existence of bitter divisions among the Bulgarian leadership in which personal feuds, attitudes to Tito, and disillusion with the USSR play a part. He thought that the problem of personal survival was the most important consideration in working out such conflicts. [ ]

25X1A [ ] estimated that, as the Poles become disillusioned by the absence of rapid improvement, Gomulka and the Polish party will be forced to rely increasingly on the USSR. He termed this a form of re-Stalinization.

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[redacted] warned that Hungary is atypical in many respects: the German threat is not operative, among the southern Satellites Bulgaria and Rumania are easier to control, Hungary is more open to the west, the Hungarian party was historically weak and arrived rather late on the scene. [redacted] added that Hungary is non-Slavic.

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[redacted] noted that Tito's internal problems grew in a period of relaxation of Soviet pressures on Yugoslavia. Among these he mentioned the need to beg food from abroad each year, peasant unwillingness to invest or expand their acreage, high urban prices and the workers' feeling that their status is not improving, indifference among the youth, an intellectual life which is freer than in the average Satellite but still not very dynamic, and some apathy in the party. He thought that workers' councils were not taken seriously by the workers and were mostly for foreign consumption. For these reasons he questioned the extent to which Tito can really push for greater Satellite independence. He added that Tito probably feared for the stability of his own party in view of the Hungarian example of disintegration.

[redacted] asked whether Yugoslavia would be economically viable without US aid and whether other Satellites could succeed economically under conditions of political independence.

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[redacted] response stressed Yugoslav dependence on US aid, pointing out the need for high defense expenditures, the extreme industrialization effort typical of Communists, and the inadequacies of the resource base. In more general terms, he thought that Satellites producing exportable raw materials enjoyed much better economic prospects than those without this asset.

[redacted] pointed out a contradiction - that the achievement of the status of national Communism raises economic expectations which can probably be satisfied only within a bloc, that is, at some cost to political independence.

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Discussing economic prospects, [redacted] rated Poland's higher than Yugoslavia's pointing out the more efficient Polish peasantry, the bigger farmsteads, a better balance between light and heavy industry, a better export potential, and the presence of good economists, several of whom have recently returned from the West to take top jobs. He said that Bulgaria has made fewer economic mistakes than Hungary, concentrating on

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investment for domestic purposes, e.g. fertilizer plants, rather than a general buildup. Bulgaria also is patiently awaiting Soviet support for a slice of Turkey or Greece, so it exhibits less economic strain and more identification with the USSR than its neighbors.

25X1A The group agreed with [ ] remark that, in addition to greater stress on Yugoslavia in Soviet Bloc papers, a separate Yugoslav paper would be valuable. [ ] suggested work on the economic prospects of Eastern Europe under various political conditions. [ ] proposed a paper on Communist parties, both within and outside the Bloc, emphasizing national and Bloc-wide factions. [ ] agreed, but was most concerned with the Satellite parties. He stressed the importance of able leaders, saying that they improved the prospects for national Communism and that popular hostility would insure their dependence upon the USSR.

25X1A [ ] decried the voluminous speculations in the press about factions within the CPSU Presidium. He regarded only Molotov as holding a fixed position and thought that the others probably tended to swing with events.

25X1A In the final comment, [ ] questioned whether we should automatically offer aid to countries in trouble with the USSR or whether on occasion it might not be better to withhold it and allow a crisis to develop.

## II. THURSDAY AFTERNOON SESSION

25X1A [ ] asked whether Middle Eastern countries were complaining about revenue losses. [ ] explained that they are not; Syria's largely agrarian economy is not immediately affected by such losses, as Iran's was not. [ ] pointed out that Iraq has plentiful unspent development funds. [ ] explained that Egypt's losses were largely of potential, not actual revenue. It was agreed that Bloc economies felt only a slight effect from the canal closure. [ ] 25X1A 25X1A 25X1A

25X1A [ ] felt that India was willing to withstand economic losses for the sake of political interests in the area.

25X1A The group answered [ ] question of whether the USSR will seek to obstruct a political settlement in the affirmative.

25X1A [ ] asked about the effect of economic sanctions against Egypt. 25X1A [ ] noted that the USSR is supplying POL and wheat, and [ ] pointed out 25X1A

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that the barring of other goods hurt mostly the upper classes, on whom Nasser does not depend. He added that Nasser can explain Egypt's poor military in the Sinai showing by citing the British-French threat in the rear, and indicated disbelief of Israeli reports of huge equipment captures.

25X1A [ ] posed the problem of limitations on Soviet actions arising from local governments' concern for independence. [ ] deprecated these limitations, saying that feelings against the British, French, and Israelis will override these anxieties. He believed that anti-west actions would bring Syria, for example, very close to the USSR. Nor did he believe that the USSR would be inhibited by fear of involvement in local quarrels if pay dirt were near. The USSR, in fact, was quite willing to be involved in anti-Israeli quarrels.

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25X1A [ ] stated that the US position is the key to the problem of the limits of Soviet action.

25X1A [ ] asked whether the USSR would refrain from sending volunteers to the area while the UN holds the initiative. [ ] thought not, if the UN were to delay beyond 10-14 days, and [ ] agreed. [ ] asked why the USSR should send volunteers when the game was going so well without them and their arrival might provoke the US into a strong policy. [ ] replied that otherwise a settlement might be made without their participation.

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25X1A [ ] disputed about immediate Soviet policy, the former suggesting that the USSR may want to acquire general power to be used in the future in this area. He doubted that the USSR was willing at the present time to assume heavy obligations in the Near East, but sought rather to get into a position to destroy Western interests later. [ ] thought the Soviets sought to accomplish this immediately.

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Discussing the results of US accession to the Baghdad Pact, [ ] stated that this would accelerate a showdown, speed up the subversion of the Syrian government, and please only the Pact members.

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25X1A [ ] pointed out that the USSR will continue its disruptive activities in the area (arms shipments, dispatch of personnel, economic offers) in any event and that US accession therefore would not significantly worsen the situation.

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